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# AGRICULTURAL COOPERATION

LEGAL, ECONOMIC, AND ORGANIZATION INFORMATION COLLECTED BY THE BUREAU OF AGRICULTURAL ECONOMICS.  
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## PRELIMINARY REPORT ON COOPERATIVE DAIRY MARKETING

Preliminary figures recently compiled by the Division of Agricultural Cooperation indicate that the farmers' associations marketing dairy products transacted business during 1925 of approximately \$350,000,000. The 1,775 associations reporting, made sales amounting to \$335,900,000. As over 2,000 associations are listed, the total figure of \$350,000,000 is conservative.

One thousand and seventy associations reporting the amounts of business handled in 1924 give a total of \$306,295,000. The above figures indicate an increase of about 9 per cent for 1925 as compared with 1924.

The above figures do not include sales by producer members of milk bargaining associations although such sales are made at the direction of the association. Were such data available the total amount of cooperative business by dairy farmers would be increased materially.

Nearly 56 per cent of the total business reported for 1925 was transacted by associations engaged in the manufacture and marketing of butter. About 36 per cent of the total business was reported by 104 associations handling principally fluid milk. Some of these organizations received milk and distributed it among dealers and large consumers, while others handled the milk through to the consumers.

Four hundred thirty-nine associations making and marketing cheese reported a total business for 1925 of \$17,794,000, and 42 dairy associations performing various marketing functions reported transacting \$8,203,000 of business in 1925.

Two thousand thirty-two of the associations reported approximately 450,000 members, and 58 bargaining associations, 37,000 members. This gives a total membership of nearly 490,000.

Ninety per cent of these dairy marketing associations were incorporated. The incorporated associations had 95 per cent of the total membership and transacted 96 per cent of the total business.

Over 85 per cent of the associations reported having capital stock, and this group of organizations had 86 per cent of the total membership and handled 36 per cent of the total business in 1925.

WISCONSIN CHEESE FEDERATION PLANNING NEW WAREHOUSE

A campaign for the establishment at Marshfield, Wis., of a branch warehouse of the Wisconsin Cheese Producers' Federation, Plymouth, was begun on May 24 with meetings at the various factories interested. Meetings were held at 14 factories the first week and 12 out of the 14 voted to market their cheese through the Federation. The contracts signed by the 12 factories covered 3,000,000 pounds of cheese. It was anticipated that the second week of the campaign would bring the total to nearly 5,000,000 pounds. The second step was to be a mass meeting to plan for a warehouse.

Marshfield is an important cheese shipping point, receiving much of the cheese from Wood, Marathon and Clark Counties, which three boast an annual production of over 51,000,000 pounds.

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FARMERS' UNION CREAMERY AT KANSAS CITY NOW OPERATING

Since the Farmers' Union Cooperative Creamery, Kansas City, Mo., began operations on September 21, 1925, it has manufactured approximately 1,600,000 pounds of butter. On April 1 of this year a sales representative was placed in the East and practically the entire output is being disposed of through this channel.

The association now has contracts with some seventy local cream stations and new ones are being added from time to time. With its present equipment the plant can turn out about three and one-half million pounds of butter annually, and can store about 100,000 pounds at a time.

As the association contract provides for the handling of poultry products as well as dairy products, plans are now being considered for the marketing of eggs and poultry.

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NEW FARMERS' UNION CREAMERY PLANNED IN NEBRASKA

A new creamery is to be built at Aurora, Nebraska, by the Farmers' Union Creamery Company, Superior, for the benefit of the farmers in the Aurora district. In order to erect the creamery it is proposed to sell \$40,000 worth of stock at \$10 per share, bearing 8 per cent interest. All profits above the 8 per cent will be prorated to patrons of the Aurora creamery. In order to secure stock one must be a member in good standing of the Farmers' Union.

The creamery at Superior which is pushing the project, announces that it has never failed to pay interest on stock and since 1923 has paid patronage dividends of 2-1/2 cents a pound on butterfat each year. It has also built up reserves and surplus of \$68,108. Organized in 1917, this company reported 345 members in 1919, 1,058 in 1921, and 1,500 in 1923. Its turnover ran close to \$450,000 from 1921 to 1924, and in 1925 reached \$515,640.

AMERICAN CRANBERRY EXCHANGE FAVORS ADVERTISING

The advertising campaign of the American Cranberry Exchange, New York City, is discussed in the recently issued report for the 1925-26 season. It is stated that a total of \$972,038 has been expended for advertising since 1916 and that the average price per barrel received by the exchange has been higher since the advertising campaign was entered upon than before. The average price per barrel for 2,564,000 barrels shipped by all agencies during the five years 1912 to 1916 inclusive, is given as \$5.94 and the average price for 2,661,000 barrels, shipped during the five years 1921 to 1925 inclusive, is given as \$10.37. These figures indicate an increase in annual production of 4 per cent and an increase in price per barrel of 75 per cent.

About 40 per cent of the money expended for advertising during the past year was used for newspaper advertising and about 30 per cent for advertisements in national magazines. The remainder was used for retail service and miscellaneous advertising.

Total expenditures for advertising by the Exchange for the past ten years are shown in the following table, also the proportion of such expenditures used for each of the different types of service for the last eight years:

Season	: Total expenditure	: Per cent expended for specified service				
		: Newspapers	: Magazines	: Retail service	: Miscel- laneous	
1916-17	: \$ 22,941	: --	: --	: --	: --	
1917-18	: 14,911	: --	: --	: --	: --	
1918-19	: 54,199	: 51	: 34	: 8	: 7	
1919-20	: 122,693	: 69	: 22	: 2	: 7	
1920-21	: 77,933	: 50	: 27	: 9	: 14	
1921-22	: 73,564	: 50	: 30	: 3	: 17	
1922-23	: 179,774	: 68	: 15	: 8	: 9	
1923-24	: 194,539	: 60	: 17	: 8	: 15	
1924-25	: 77,784	: 39	: 26	: 10	: 25	
1925-26	: 153,639	: 42	: 34	: 16	: 8	

The crop of 1925 was the nineteenth marketed through the Exchange or its immediate predecessors, the National Fruit Exchange and the Growers' Cranberry Company. During the nineteen-year period nearly 5,000,000 barrels of cranberries have been sold through these organizations. The annual volume of business has varied from 110,000 barrels in 1908-09 to 390,000 barrels in 1923-24. The proportion of the cranberry crop east of the Rocky Mountains handled cooperatively has ranged from 34 per cent in 1907-08 to 66 per cent for the crops of 1921, 1922 and 1924.



Figures are given below showing the development of the Exchange since 1924:

Season	: Barrels handled	:	: Net sales	: Average	: Per cent
	: Number a/	: Relative	:	: f.o.b. price b/	: total crop handled c/
1914-15	: 339,738	: 100	: -----	: \$ 3.97	: 53
1915-16	: 259,780	: 76	: -----	: -----	: 57
1916-17	: 279,476	: 82	: -----	: 6.30	: 51
1917-18	: 154,812	: 45	: -----	: 10.40	: 56
1918-19	: 209,666	: 62	: -----	: 8.89	: 60
1919-20	: 331,032	: 97	: -----	: 7.86	: 60
1920-21	: 282,473	: 83	: \$2,971,787	: 10.39	: 64
1921-22	: 244,771	: 72	: 3,324,660	: 13.54	: 66
1922-23	: 373,315	: 110	: 3,858,196	: 10.33	: 66
1923-24	: 390,976	: 115	: 3,058,557	: 7.95	: 63
1924-25	: 360,383	: 106	: 3,627,841	: 9.96	: 66
1925-26	: 314,083	: 92	: 3,558,533	: 11.29	: 57

a/ Shipments to April 1.

b/ Per barrel of 100 pounds, as reported by the Exchange.

c/ East of Rocky Mountains.

Exchange shipments of cranberries of the 1925 crop amounted to 314,007 barrels. Total sales were approximately \$3,500,000. The average price per barrel of 100 pounds was \$11.29. About 72 per cent of the total receipts came from growers on Cape Cod, Mass., about 22 per cent came from New Jersey growers and 5 per cent from growers in Wisconsin, with the remainder of total receipts coming from growers on Long Island.

Exclusive of advertising, the expense of conducting the Exchange during the 1925-26 season was 4.36 per cent of the net f.o.b. sales. The deduction for marketing was 7 per cent, 2 per cent for the three state organizations and 5 per cent for the Exchange, and as the expenses for the Exchange were less than its share of the deduction there is over one-half of one per cent to be returned to the growers as a refund.

The growers in the Cape Cod, New Jersey and Wisconsin producing regions are organized into state associations which handle problems connected with the harvesting, grading and packing of the annual crops. These growers are also individually members of the American Cranberry Exchange. The state associations are also members of the American Cranberry Exchange. The Long Island growers are members of the Exchange only.

(For further information, see Agricultural Cooperation, May 11, 1925, p. 197; July 6, 1925, p. 278, and October 26, 1925, p. 440.)

OREGON COMPANY SPECIALIZES IN RED RASPBERRIES

Fruit handled by the Berry Growers' Packing Company, Gresham, Oregon, for the 1925 season totaled 2,530,304 pounds, of which 1,489,120 pounds, 59 per cent, were red raspberries, the specialty of the association. Loganberries, strawberries, blackberries, cherries and pears were also handled in large quantities, as well as some black caps, gooseberries, currants and prunes. Large quantities of the berries were barreled and frozen.

Payments to growers during the year amounted to \$220,841, including a few items from the 1924 crop. Expenses amounted to \$20,482 and earnings to \$6,403.

A number of growers availed themselves of the privilege of selling outside the organization and reports show 118,565 pounds sold in this way and penalties paid to the association to the amount of \$676. Fruit is handled for non-members as well as members.

The membership of the company increased 25 per cent during the year.

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OHIO TRUCK GROWERS CONSIDER CONSUMER DEMANDS

Nearly six hundred truck farmers are now included in the membership of the Marietta Truck Growers' Association, Marietta, Ohio, which was formed in 1907 by a group of 56 growers. For the first few years attention was centered upon improving the quality of the products and of the pack. By 1910 the association was solidly organized and had begun to win the respect of the trade for its products. Arrangements were made for selling through a commercial firm and an advertising campaign was conducted, resulting in a rapid increase in sales and in membership. By 1922 the association had 506 members and was handling 80 per cent of the produce of the district in place of the 20 per cent handled in 1910, while sales had increased from \$35,000 to \$346,620. Sales in 1925 amounted to \$675,267.

From the first the association has studied to please the consumers and the trade. Each week during the shipping season delegates from the association visit the markets where Marietta products are on sale to learn what buyers and consumers think of the goods and the pack. Changes and improvements in grading, packing or loading, often result from these visits. Even a change in variety of a vegetable produced may result if it appears that a different variety will be more acceptable.

Each member packs his own product, subject to inspection at loading and unloading points. At either point it may be placed in a special pool or sold on its merits. The individual packing system is maintained as it serves to move the produce to the consumer in the speediest manner. Tomatoes picked on Monday are often in the hands of the consumers on Tuesday. Association goods are packed under the "Pioneer Brand."

A small paper, The Marietta Truck Growers' Association, is issued by the secretary of the organization.

LOCAL CITRUS ASSOCIATION ISSUES FIGURES

Fifty-one growers make up the membership of the Porterville Citrus Association, Porterville, Calif., one of the units of the California Fruit Growers Exchange. These growers have 656 acres of Navel oranges and 160 acres of Valencias, a total of 816 acres. The 1925 crop yielded 49,314 packed boxes of Navels and 9,645 of Valencia oranges, a total of 58,959 boxes, on which the general net average return was \$2,266 and \$3.97 per box respectively.

Receipts f.o.b. packing house came to \$178,030 and growers received on pool payments \$132,174. They also received \$958 on railroad claims, \$590 on revolving fund, and \$4,231 refund of unused monies. The subsidiary organization, the Porterville Packing House Company, received \$6,707 from rentals and disbursed the same for its operations.

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COLORADO POTATO EXCHANGE HOLDS THIRD ANNUAL MEETING

The third annual meeting of the board of trustees of the Colorado Potato Growers' Exchange, Denver, was held on June 1, and all members of the executive committee were reelected to serve for the third consecutive year.

The report of the general manager showed that 5,635 cars of potatoes and 112 cars of onions had been shipped. As about 20 cars of potatoes remained to be shipped the total number of cars for the season was placed at 5,767, or 1,657 more than the previous season. These shipments had a gross value of nearly six million dollars, and a net value of about four and one-half million. The shipments of the Exchange constituted approximately 40 per cent of the total potato shipments of the state.

Sales were made in 25 states. Marketing was more strenuous than in former years "due to the ups and downs in the markets" caused by speculation, and it is believed that costs of selling will be higher than heretofore because of selling at more distant points, and because of higher brokerage fees. The manager recommended that growers load more on order to cut out speculation. He also advised that nothing but No. 1 onions be handled next year as the onion business had not been profitable.

A membership of 2,328 on June 1, 1926, was reported by the field manager. One hundred thirty names were added during the calendar year 1925 and 102 the first five months of the present year, due largely to local activity.

In connection with the warehousing program the field manager advised the erection of new warehouses at six points. A grading plant was reported under construction at an estimated cost of \$2,500.

Registration of the "Colotato" brand has been completed and it is proposed to limit the use of bags bearing this brand to central warehouse plants and build up a reputation for the brand through this means.

Seed purchases for the year were reported to be in excess of \$22,000.



NEBRASKA COOPERATIVE MARKETS SEED POTATOES

About 75 per cent of the certified seed potatoes produced in Nebraska last season were marketed through the Nebraska Certified Potato Growers, Cooperative, Alliance, Nebr. Sales for the last business year amounted to \$193,413. The expenses of operation were \$10,300. These were met by fees collected for memberships, inspection, market service, etc. Members selling through the association paid 10 cents a bushel, and those marketing outside of the organization paid 5 cents a bushel.

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LOUISIANA FARM BUREAU MEMBERS SHIPPING POTATOES

Cooperative shipping of white potatoes by the Louisiana Farm Bureau Selling Exchange began on May 8, and up to May 21 nearly one hundred cars had been shipped. Sixteen of the first cars brought from \$5.50 to \$6 per cwt. All the cars have been sold at f.o.b. prices, draft attached to bill of lading. Sales are being handled by the Federated Fruit and Vegetable Growers, and Federal-State inspection is being provided at all Exchange shipping points. Nine parishes participated in these early shipments and many other parishes will soon be shipping potatoes.

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OKLAHOMA POTATO GROWERS FORM ASSOCIATION

Forty Oklahoma growers of potatoes and onions have recently organized the Oklahoma Potato Growers' Association with headquarters at Muskogee. The new cooperative organization is without capital stock and may include in its membership any potato grower in Oklahoma or any landlord upon whose land potatoes are grown. The association will be governed by a board of six directors, of whom one shall be nominated by the president of the State Board of Agriculture to represent the general public. Each member is to pay a membership fee of one dollar per year.

The membership agreement covers the years 1926 to 1930 inclusive, with the privilege of withdrawal for any current year after 1926 by giving written notice to the association not later than February 1 of any year. The directors are authorized to reserve from the resale price such sums as may be necessary to pay the association's expenses, including costs of operation and advertising, not to exceed 5 per cent of the net resale price. Liquidated damages for breach of contract are placed at 75 cents per 100 pounds.

CENTRAL SALES AGENCY FOR HARD WINTER WHEAT BELT

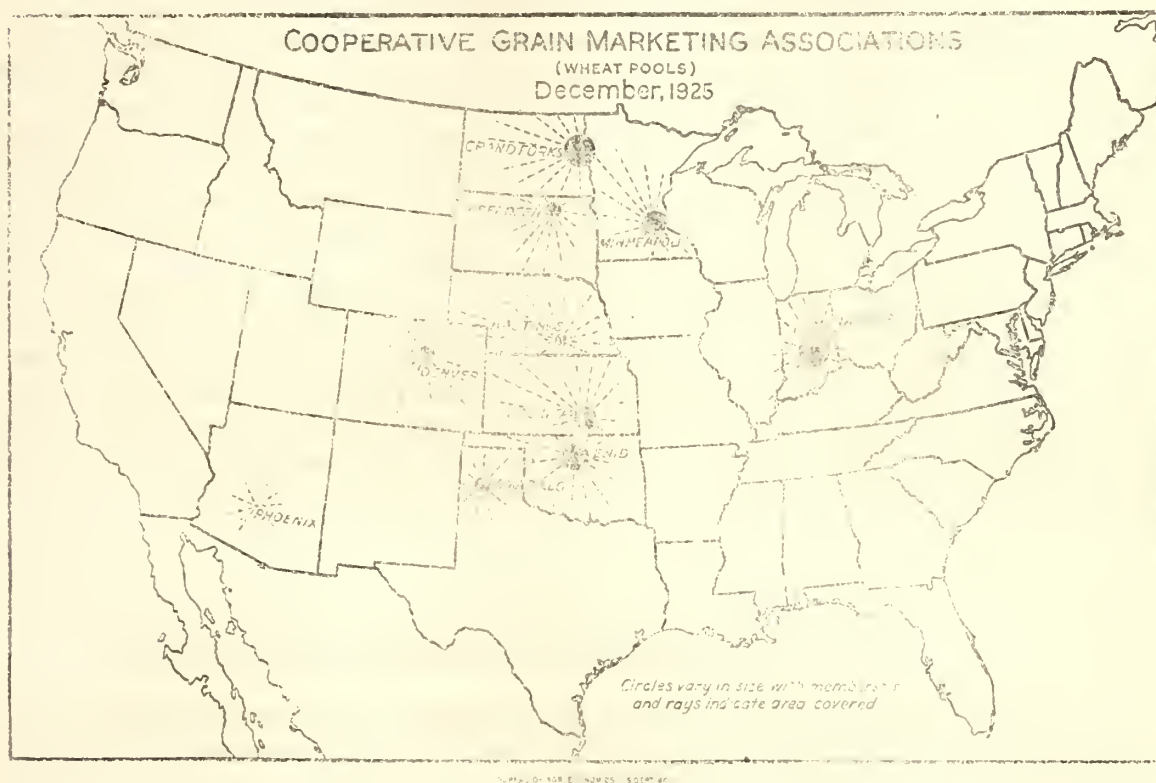
The Southwest Cooperative Wheat Growers' Association, Wichita, Kansas, has been created as a central sales agency for the Kansas, Oklahoma, Nebraska, and Colorado wheat pools, by a reorganization of the Kansas Cooperative Grain Company. It supersedes the Southwest Wheat Growers Associated, Enid, a selling agency for the Oklahoma and Texas pools, and it succeeds to the business of the Kansas Cooperative Grain Company, the selling agency formed in 1925 as a subsidiary of the Kansas Wheat Growers' Association and the Kansas Cooperative Wheat Marketing Association. The Grain Company, in 1925, furnishes elevator and marketing service for the two Kansas associations and also handled the wheat from the Colorado and Nebraska associations which was marketed through Kansas City. The new company is to function for the centralized cooperative grain marketing associations in the hard winter wheat belt. The capital stock of the reorganized company remains at \$200,000, being divided into \$10,000 of common stock and \$190,000 of preferred stock. Each of the four state pools has taken an equal share of the common stock.

The management of the new organization, the Southwest Cooperative Wheat Growers' Association, rests in a board made up of three directors selected by each of the four participating state wheat pools. The board is to meet quarterly and an executive committee will function between meetings of the board. The first meeting was held on June 1 at which time the organization of the board was completed and arrangements made for handling the 1926 wheat crop, which has already begun to move to market. There will be a branch sales office in each of the four states.

Included in the marketing equipment of the new organization is a sales office in Kansas City, Mo., a contract for the use of a 1,000,000 bushel terminal elevator in the same city, and a 400,000 bushel elevator at Leavenworth, Kansas. It is proposed that the Southwest Association shall continue the merchandising program started by the Grain Company which it succeeds. Contracts will be made direct with the mills. It is pointed out by the management of the new enterprise that it is a pool for performing the merchandising function and distributing the expense in proportion to the volume of business handled for the member-units, in the same way that the state associations are pools for performing other of the marketing functions and distributing the expenses in accordance with the volume of grain furnished by each grower member.

Rates for farm storage have been announced as two cents a month for July and August, one and one-half cents for September and October, and one cent for November, or a total of eight cents to December 1, after which date there will be no credits for storage on the farm.

The management of the new sales<sup>agency</sup> feels that with the large volume of grain it will have to market for the state associations, it will be in a position to carry out a constructive merchandising program which will result in lowered marketing costs and better returns to grower-members of the state associations.

WHEAT POOLS HANDLED TWENTY MILLION BUSHELLS

Ten wheat pools with nearly 90,000 members marketed approximately 20,000,000 bushels of wheat during the 1925-26 season. These pools are located in Indiana, Minnesota, North Dakota, South Dakota, Nebraska, Kansas, Oklahoma, Texas, Colorado, and Arizona. In number of members the Indiana association is the largest, having over 18,000 contracts in force with wheat growers. This association now operates under the name of Central States Soft Wheat Growers' Association and is serving farmers in Illinois and Ohio as well as Indiana. Eight of the ten pools are in a north and south band near the geographic center of the United States.

The first of the state-wide wheat pools were formed in the Pacific Northwest in 1920 and 1921. These were the Washington, Oregon, Idaho, and Montana pools. All four of these have ceased to function, the Montana Wheat Growers' Association having discontinued activity in the fall of 1925. The oldest of the pools now active is probably the Oklahoma Wheat Growers' Association, incorporated in September of 1921.

During the 1921-22 season over 10,000,000 bushels of wheat were handled by two associations; in 1922-23 eleven associations marketed approximately 21,000,000 bushels; in 1923-24 twelve associations marketed 27,000,000 bushels; and in 1924-25 ten associations marketed 28,000,000 bushels.



TEN-YEAR CONTRACT FOR ARKANSAS COTTON GROWERS

The new contract of the Arkansas Cotton Growers' Cooperative Association, Little Rock, contains one important change. This is that the new contract shall run for ten years instead of five, as is the case with the present contract, with provision for withdrawal at the end of the marketing season, after the first two years, upon proper notice to the association. The association by a two-thirds vote of its board of directors can terminate the contract of a member after the second year. As the present contract expires with the 1926-27 season the new contract will soon be presented to members and other growers.

The long-term contract was planned as a measure of economy, the association management having found that membership campaigns are expensive. It points out that if a member is satisfied with his organization there is no reason why he should be put to the expense of being asked to sign again. On the other hand if he is not satisfied he has the privilege of withdrawing. Once a member withdraws under the new contract he cannot again become a member except by a two-thirds vote at a meeting of the board of directors.

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MISSISSIPPI COTTON GROWERS SIGNING A NEW CONTRACT

Eight hundred members of the Mississippi Farm Bureau Cotton Association, Jackson, signed the new seven-year marketing contract during the first week of the campaign for signatures. Arrangements have now been completed for a series of county meetings at which the new contract will be offered to growers.

The new contract covers the years 1926-32. Among the features which make it different from the old contract are those providing for short-time optional pools, for withdrawal on the part of dissatisfied members, for the cancellation of the contracts of members who do not prove good cooperators, and for the use of the reserves in providing capital for a corporation to furnish production credit.

Among the lessons learned by the management during the three years that the association has been operating is that cotton should be sold when the mills are in the market to buy. Sixteen benefits which the organization has secured for its member-growers are listed in a recent issue of the association paper. Among these are the following: For the first time in the history of cotton growing, farmers, as a whole, have received payments in accordance with the true value of the grade and staple delivered; the association has been instrumental in getting many of the compresses in its territory licensed under the U. S. Warehouse Act; a reduction of 20 per cent has been obtained in insurance rates; costs for storing cotton have been lowered for association members; interest rates have been lowered for cotton handled through the association; mill connections have been established making it possible for the association to sell a member's cotton direct to the spinners; much of the waste in sampling is eliminated.



DARK TOBACCO GROWERS MUST DECIDE FATE OF ASSOCIATION

It is announced by the management of the Dark Tobacco Growers' Cooperative Association, Hopkinsville, Ky., that the course of action to be taken in regard to the 1926 crop must be decided by the growers. On the demands of the membership last year the liquidated damage provision of the contract was waived and growers could sell their tobacco where and when they pleased. At present many members are urging that plans be made to handle the 1926 crop after an effort is made to increase the membership. A number of plans are being considered by the directors.

The May number of The Tobacco Planter, published by the association, presents comparative figures for the two seasons, 1924 and 1925, showing the pounds of tobacco handled, average prices, and total money, at three Kentucky points.

The Dark Tobacco Association has reduced its holdings of tobacco to 45,000,000 pounds. Proceeds of sales are being used to pay off loans to the organization.

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RECEIVERS APPOINTED FOR TRI-STATE TOBACCO ASSOCIATION

Three receivers have been appointed for the Tobacco Growers' Cooperative Association, of Virginia, North and South Carolina. This action was taken June 19 by the Federal Court which has had the affairs of the association before it for the last three months.

At a hearing in April, lasting nearly a week, the attorneys representing the five grower-members petitioning for a receivership, and attorneys representing the association, set forth in a spirited manner the contentions of their clients. At that time the Court did not see fit to appoint receivers but did retain jurisdiction "subject to renewal of motion or motions" of counsel. In May the original petitioners again appeared in court with the result that the Court reopened the case, issued a temporary restraining order, and set a date for further hearings.

In issuing the order appointing the receivers the Court indicated that it was disappointed with the course of events since the first receivership suit was brought and denied, and said: "The condition of the organization now appears to be little better than it was then, judging from the reports rendered."

Three attorneys, all friendly to cooperative marketing, according to available information, were appointed as receivers. Their bonds were fixed at \$250,000 each.

(Additional information bearing upon recent events in the affairs of this association may be found in Agricultural Cooperation for February 1, 1926, p. 51; April 26, 1926, p. 185; and June 21, 1926, p. 266.)

NORTH DAKOTA ASSOCIATION CONTRACTS WITH WOOL EXCHANGE

By virtue of an agreement between the National Wool Exchange, Helena, Mont., and the North Dakota Cooperative Wool Marketing Association, Fargo, all the wool controlled by the Association will be graded and sold through the Exchange. The wool will be graded by one of the graders of the Exchange and will be stored in the warehouse of the Association in Fargo. Samples of each grade will be forwarded to Boston where they will be placed on exhibition in the warehouse of the Exchange until sold direct to mills. All offers received for these wools will be submitted to the marketing committee of the Association for approval before the sale is made.

The North Dakota Cooperative Wool Marketing Association has operated for five years and at present is operating under a three-year contract with the owners of 50,000 fleeces. Through its efforts a large number of breeding ewes have been added to the farm flocks of the state in the past two years.

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PENNSYLVANIA COUNTY WOOL POOL REPORTS

About one-eighth of the 500,000 pounds of wool marketed cooperatively in Pennsylvania during 1925, was handled by the Mercer County Cooperative Wool Growers, Inc., of Mercer, according to a report by the agricultural agent for that county.

This association was formed in 1919 and was incorporated in 1924. During the first year wools were sold on a flat basis, being bought direct from the farms ungraded under arrangements by the association with a local dealer. The first pooling and grading was done in 1920. In 1924 the association sold 47,444 pounds of wool and the following year, 63,758 pounds, a gain of 34 per cent over sales of the previous year.

A warehouse is leased in Mercer where the wool is received and graded by a specialist from Pennsylvania State College and then stored. A warehouse receipt, issued to each grower, serves as security on which he may borrow money at the local banks, the association making payment direct to the banks when the wool is sold. The wool is sold when the directors think the market is most favorable, the clip going to the highest bidder who must take all of the pool. The association sells for members and non-members alike. As there are no contracts each grower may deliver as much of his clip as he chooses, although in the past practically all of the members have delivered their entire clips.

The expenses of the association are met by a deduction from each grower's returns. So far, this amount has usually been one cent a pound and has never exceeded one and one-half cents a pound. A surplus for working capital has been accumulated from the deduction.

At the close of 1925 the association had 103 members, although it handled the wool of 364 growers. A life membership in the association is secured by the payment of 50 cents.



POLAND HAS MANY COOPERATIVE ENTERPRISES

About 14,000 cooperative societies are operating in Poland at the present time, according to a consular report dated Warsaw, May 12. Fourteen hundred eighty-five new societies were registered during the year 1925, bringing the total registration to 16,865, but it is estimated that only about 14,000 of these are active. The types of societies are indicated by the following classification:

January 1, 1926

Commercial (including foodstuffs) .....	6,344
Construction .....	934
Credit .....	6,270
Agricultural-commercial .....	1,000
Eggs, milk and breeding .....	774
Trading, miscellaneous .....	437
Raw materials and workshops .....	421
Agricultural, miscellaneous .....	172
Publishing and bookselling .....	108
Industrial, miscellaneous .....	91
Not classified .....	314
	<u>16,865</u>

One of the most important groups is that for supplying foodstuffs. The Union of Polish Food Supplying Associations includes about 900 of the principal societies with a membership of 600,000 persons. It has branches in 23 of the principal cities of the republic and affiliated offices in 14 of the smaller cities, in addition to foreign offices in London and Danzig. In 1924 the imports of this Union comprized more than 23 per cent of the total Polish imports.

The Union of Agricultural Cooperative Societies is also important. It is made up of four kinds of societies, credit, dairy products, agricultural-commercial, and egg producing societies. Two thousand three hundred fifty-nine societies with 690,000 members are included in this Union.

A third federation is the Union of Cooperative Societies which was formed by the merging of four smaller organizations comprising credit societies, food-supplying and agricultural societies, commercial-agricultural, and various others to the total number of more than 300 with a membership of about 570,000.

About 50 cooperative stores were in existence before 1900 in the territory now comprising the Republic of Poland, but the greatest development began in the year 1905 and has continued rapidly ever since although checked temporarily by the war. A credit society in the nature of a building and loan association was established early in the nineteenth century.

EASTERN ESTATES EXCHANGE ORDERS SUPPLIES EARLY

In the interests of economy and efficiency the Eastern States Farmers' Exchange, Springfield, Mass., urges its members to order as large a share of their feed requirements as possible in advance. Commodities are distributed at current market prices and any savings resulting from low cost of operation are returned to the members as patronage dividends.

The method of financing these purchases is as follows: To each order or contract is attached a note amounting to \$10 for each ton ordered on the contract, or 50 cents a bag. The note is returned to the buyer when he has taken and paid for his feed. The Exchange uses these contract notes as collateral to borrow money from the Federal Intermediate Credit Bank with which to buy the supplies ordered. Thus the members of the Exchange, without investing in capital stock and simply by paying cash for their grain as they take it month by month, finance the purchase of their feeds through a loan of credit to their Exchange. The notes are collectable only if the signer fails to take and pay for his feed, and can be used only for that specific purpose.

For the loan of this credit the farmer receives a payment at the end of the contract year amounting to 50 cents a ton. Those farmers who contracted for grain in 1925 received something more than \$35,000 in cash this spring for the credit loaned.

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ALABAMA FARM BUREAU FORMS MUTUAL SUPPLY ASSOCIATION

Fertilizer to the amount of 31,783 tons and a value of \$2,600,000 was handled in 1925 by the Alabama Farm Bureau Mutual Supply Association, Montgomery, in addition to lime, seeds, etc., to the amount of \$81,600. Nineteen twenty-five was the first year of operation of the association under the present name. During the four previous years the Alabama Farm Bureau itself had been conducting the cooperative purchasing work, but the need of a separate business organization was realized and the Supply Association was incorporated early in 1925. While the membership is the same as that of the Farm Bureau the Supply Association deals with county farm bureaus rather than individuals. The secretaries of the county organizations take orders from their members, asking for deposits to bind the transactions, and send the orders to the state office which attends to the buying.

On the 1925 business the sum of \$104,415 was returned to members as refunds in addition to which the county farm bureaus received \$27,862 as a handling charge on fertilizer.

Nearly 74,000 tons of fertilizer were handled in the spring of 1926. For handling this business the state association received \$8,271; there was forwarded to the counties as a handling charge, \$18,265; and individuals received a patronage refund of \$117,124.

The Supply Association has the same officers and directors as the Alabama Farm Bureau Federation.



OFFICERS OF CORPORATION MAY CAUSE FORFEITURE OF CHARTER

May a corporation forfeit its charter if its officers violate the criminal laws of the state in a matter beyond the powers of the corporation, but arising out of its operations? The answer is "yes" even though the officers have not been convicted or indicted for the offense involved. The principles herein discussed, it will be borne in mind, are as applicable to incorporated cooperative associations as to corporations of any other type.

In the absence of a statute authorizing forfeiture proceedings under common law principles, the right of a State, the giver of the charter, to revoke it under such circumstances appears clear. In the case of *Hadley v. Delmar Jockey Club*, 200 Mo. 34, 92 S.W. 185, 98 S.W. 539, the corporation was authorized to conduct a county fair and was authorized to conduct horse races. Incident to the conduct of the horse races it engaged in bookmaking, pool selling and other forms of gambling. The state instituted a quo warranto proceeding on the ground of non-user and misuser of the corporate franchise. The Supreme Court of Missouri held that the commission by the officers of the corporation of a felony or a misdemeanor was a ground for revoking the franchise of the corporation. This case was decided entirely upon common law principles. Another similar case, which was apparently decided on common law grounds, and in which a like conclusion was reached, is that of *State ex rel. Dawson, Attorney-General v. Anthony Fair Association*, 89 Kan. 238, 131 P. 626, Ann. Cas. 1914 D, 361. In the case of *State ex rel. Voyles v. French Licks Springs Hotel Co.* 42 Ind. App. 282, N.E. 801, it was held under a statute that the charter of a hotel might be forfeited by a violation of anti-gambling laws.

A great many of the states have statutes authorizing the institution of quo warranto proceedings for the purpose of revoking the charters of corporations in case of non-user or misuser of them.

In the case of *State ex rel. Langer v. Gamble-Robinson Fruit Co.*, 44 N.D. 376, 176 N.W. 103, decided by the Supreme Court of North Dakota, a corporation that was organized to conduct a wholesale fruit business was deprived of its charter on the ground that it had entered into a combination with other corporations to violate the anti-trust laws of the state. In this case it was held that the misuse of a corporate franchise constitutes an abuse of powers justifying the application of the statutory civil remedy of quo warranto whenever the acts of misuse involve injury to the public, although the same acts may constitute a violation of a penal statute.

In the case of *State ex rel. Attorney General v. Capital City Dairy Co.*, 62 Ohio St. 350, 57 N.E. 62, 57 L.R.A. 181, it appeared that the dairy company had a franchise to manufacture oleomargarine. In the conduct of the business it violated the law of Ohio through the use of coloring material. The charter of the corporation was therefore forfeited and it was held that the mere fact that the criminal laws of the state provided for a punishment by fine of those who had been guilty of violating the law did not prevent the successful maintenance of a quo warranto proceeding to revoke the charter of the corporation.

The cases referred to above are reviewed in the recent case of State v. Thistle Down Jockey Club, decided by the Supreme Court of Ohio, 151 N.E. 709, in which case the charter of the club was taken away because its officers in the conduct of its affairs engaged in gambling activities.

The principle underlying these cases seems to be that a corporation receives its charter upon the theory that it will not be used as a medium for violating the laws of the state. In other words, those receiving a charter receive it on the condition that it will be used for lawful purposes only. It is apparent that a state would never incorporate a corporation to violate the laws of the state and hence the fact that its officers are acting beyond the powers of the corporation in violating the law while conducting the affairs of the corporation, does not bar the state from revoking its charter. The created is subject to the creator.

L. S. Hulbert

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#### CONTRACT NEED NOT NAME PRICE

Many cooperative associations employ what is known as the "purchase and sale" type of contract. Of course, no purchase price in dollars is named in the contract, but it provides that the member shall receive the full sale price for products of the grade delivered, less necessary marketing expenses and any other authorized deductions. In other words, a "rule" for determining the purchase price in dollars is given in the contract. The argument has sometimes been made that this type of contract is defective as a "purchase and sale" agreement because it does not in dollars specify the purchase price of the products which it covers. With respect to this contention the following quotation from the opinion of the Supreme Court in the case of the United States v. Swift and Company, 46 S. Ct. 503, is of interest:

Under ordinary conditions, a valid agreement can be made for purchase and sale without the fixing of a specific price. In such a case a reasonable price is presumed to have been intended. In the case of United States v. Wilkins, 6 Wheat. 135, 5 L. Ed. 225, it was held under a proviso of the contract, which left the price to be adjusted by the government and the contractor, that it was to be the joint act of both parties and not the exclusive act of either, that if they could not agree, then a reasonable compensation was to be allowed, that that reasonable compensation was to be proved by competent evidence and settled by a jury and that the contractor at such trial was at liberty to show that the sum allowed him by the Secretary of War was not a reasonable compensation.

L. S. Hulbert.



SOUTH DAKOTA COOPERATIVES TO BE STUDIED

A study of "The Best Management Methods for Cooperative Organizations in South Dakota," is being started in the department of farm economics at the South Dakota State College.

The work constitutes a study of problems on the management of cooperative organizations, and visits will be made to various associations during the course of the year. Special attention will be given to organizations which have been forced to reorganize or discontinue business and efforts will be made to discover causes of mistakes and to assist other associations in avoiding similar mistakes.

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EXTENSION SERVICE REPORTS ON COOPERATIVES

County agricultural agents and other extension workers of the United States Department of Agriculture have advised groups of farmers in the formation of over 8,000 cooperative marketing associations during the six years 1920-25, according to data compiled by the extension service of the department. These associations began to function with a total membership of nearly one million and during their first year of activity transacted business amounting to more than \$215,000,000.

The year of greatest development was 1920 when nearly 2,000 associations were assisted in getting started. These associations had a combined membership of 148,000 and handled nearly \$40,000,000 of business.

The 1628 associations started in 1923 with the assistance of the extension service were credited with 220,000 members and with transacting a business of more than \$78,000,000 the first year.

In addition to the counsel given new associations the representatives of the extension service counseled with or advised from two to five thousand functioning organizations each year.

The record of the six years of activity on the part of the extension service is given in the following table prepared from data furnished by the service:

Year	New organizations aided /a			:Number of associa- tions previously formed /b
	: Number	: Number of members	: Volume of business	
1920	: 1,988	: 148,157	: \$39,562,964	: 5,166
1921	: 1,701	: 227,424	: 40,177,127	: 3,234
1922	: 903	: 162,181	: 22,365,483	: 3,418
1923	: 1,628	: 220,941	: 78,473,670	: 4,390
1924	: 979	: 102,281	: 18,702,613	: 1,829
1925	: 973	: 83,532	: 16,656,152	: 2,294
Total	: 8,172	: 944,516	: 215,938,009	: 20,331

/a Number of cooperative marketing associations organized during the year upon suggestion or with counsel of the extension service.

/b Number of cooperative marketing associations previously organized with which the extension service counseled or advised.

REPORTED BY THE ASSOCIATIONS

A membership campaign with a goal of 20,000 members has been launched by the Minnesota Wheat Growers' Cooperative Marketing Association, Minneapolis.

Eight hundred and forty policies were written by the Farm Bureau Mutual Automobile Insurance Company, Columbus, Ohio, between April 14, 1926, the date the company began business, and June 5. Premiums collected to June 5 amounted to \$22,000.

On May 1 of this year the Michigan Livestock Exchange, a cooperative sales agency operating on the Detroit livestock market, became a member of the National Livestock Producers' Association, Chicago. This association now has member units operating upon 14 terminal livestock markets.

Steps are being taken by the Missouri Farmers' Association to establish a cooperative livestock sales agency at the stockyards at Springfield, Mo. It is pointed out that such an enterprise would serve the farmer of a large section, particularly in regard to the purchase and sale of feeder hogs.

On May 20, 1926, the Pickaway County Vegetable Growers' Association, Circleville, Ohio, began business by the shipment of a car of spinach. The association was formed last fall. It has 50 members with about 30 acres of spinach, 200 acres of early sweet corn, 60 acres of cantaloupes, and 40 acres of string beans under contract.

Cooperative associations in New South Wales, Australia, are required to register under an act passed in 1923, or to refrain from the use of the word "cooperative" or any word importing a similar meaning. Furthermore, if they do not register they are "debarred from holding out in any manner that their trade or business is cooperative."

Hereafter the Wheat Growers' Journal, the official organ of the Kansas wheat pool, Wichita, will be issued semi-monthly instead of weekly. One of the chief considerations in bringing about the change was that it would give the editor more time for publicity work through the daily and weekly newspapers of the state, which is felt to be an extremely important matter.

A consular report from Lithuania shows that there were in 1925, 100 societies to facilitate the sale of agricultural products, and 157 for the sale of milk, each group with its central organization. There is also an agricultural cooperative bank at Kovno, and 454 agricultural credit societies throughout the country. The present government realizes the importance of agriculture to the welfare of the country and is exerting itself to raise the plane of all agricultural activity.



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- Long, Cedric. The Cooperative Consumers' Movement in the United States. 16 p. 4th revised edition. Cooperative League of the U. S. A. New York. 1926.
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